

Project Name:	Department of Energy BMIS-FM
Project Number:	BMIS-FM Phase I
DOE Proj Mgr:	Michael Fraser
IBM Proj Mgr:	Don A. Cox, PMP



COST MANAGEMENT PLAN for

Department of Energy BMIS-FM Project

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Revision history

Version number	Date	Summary of changes	Revised By
1.01	31 Oct 00	First version	Don A. Cox, PMP
1.02	04 Dec 00	Revised version after review by M. Fraser	Don A. Cox, PMP
1.03	20 Dec 00	Changed footer from 'Confidential' to 'Proprietary'	Don A. Cox, PMP

Approvals

The following people have approved this document. (Sign below name)

Name	Function
Michael Fraser	DOE Program Manager
Signature	Date:

Don A. Cox	Team IBM Program Manager
Signature:	Date:

Distribution

This document has been distributed to:

Name	Function

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Cost Management Plan

1. Objectives

- 1.1. This document will describe how cost variances will be managed for this project.

2. Expected Stability of Project Cost

- 2.1. Project costs are allocated based on performance objectives defined in the task order. The detailed project plan was developed with these performance objectives in mind. Although the DOE project manager may adjust the amount allocated for a given performance objective, and 'turn on' partial payments for a given performance objective, the total cost is expected to remain stable.

3. Cost Variance Response Process

- 3.1. Once the project schedule is baselined, the project manager is responsible to ensure that actual effort, start and end dates are entered for each activity, as well as actual costs for fixed cost resources. This data is essential to establish whether cost variances exist.
- 3.2. Major Problems
 - 3.2.1. On a regular basis, but not less than once monthly, the project manager will produce an Earned Value Analysis Report, which will identify cost variances for this project.
 - 3.2.2. Any cost variance of greater than + / - 5% of the aggregate project budget will require development of a cost variance analysis report to determine the root cause.
 - 3.2.3. Any cost variance of greater than + / - 20% for a single project activity or task will require development of a cost variance analysis report to determine the root cause.
 - 3.2.4. If the cost variance corrective action is relatively minor, it may be documented on the Cost Variance Analysis Report in the field provided. However, if the corrective action is more detailed, a separate corrective action report – cost control should be completed.
 - 3.2.5. It is likely that major issues will require a scope change or a request for additional funding to address the cause of the major problem.
- 3.3. Minor Problems
 - 3.3.1. Minor variances will be absorbed into project budget.

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4. Cost Change Control Processes

- 4.1.1. Identify and assess the change. These would typically be generated from a cost variance analysis or corrective action report – cost control, but not necessarily.
- 4.1.2. Fill out a “*Change Request Form*” and submit the “*Change Request Form*” along with required supporting documentation to the Team IBM project manager.
- 4.1.3. The Team IBM project manager will review the change request and may possibly request additional documentation prior to review with the DOE project manager.
- 4.1.4. The Team IBM and DOE project managers will jointly evaluate the change. The DOE project manager, in his capacity as the Contracting Officer’s Representative, ultimately decides if the cost related changes will be accepted or not. Using the “*Change Request Form*”, the DOE project manager will mark the change as:
 - 4.1.4.1. Approved, in which case both project managers will check the approved box, sign off on the change request and the Team IBM project manager will incorporate the change and adjust other project planning factors as necessary.
 - 4.1.4.2. Approved pending additional supporting documentation, in which case both project managers will check the approved / pending box, sign off on the change request and the Team IBM project manager will specify and coordinate gathering of the required documentation, incorporate the change and adjust other project planning factors as necessary.
 - 4.1.4.3. Denied, in which case both project managers will check the denied box, sign off on the change request and the Team IBM project manager will notify the requestor of the status and reason for denial.
- 4.1.5. The project manager will document the Change Request outcome as necessary (update WBS, schedule and budget documentation if impacted).

5. Associated Documents

- 5.1. Assumptions and Constraints Document
- 5.2. Cost Estimates
- 5.3. Work Breakdown Structure (WBS)

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- 5.4. Cost Variance Analysis
- 5.5. Corrective Action Report – Cost Control
- 5.6. Resource Rates
- 5.7. Activity Duration Estimates